

ABSTRACT

An exchange member establishes a threshold credit value for transactions by a
5 non-member institution. The threshold value is provided to a credit authorization service
of the exchange, which acts as a surrogate for the exchange members. Securities
transaction or orders from non-member institutions are then transmitted from the non-
member institution to the credit authorization service of the exchange. The credit
authorization service compares the transaction with a percentage of the pre-established
10 threshold value. If the transaction does not exceed the percentage of the pre-established
threshold, the system forwards the transaction to the exchange. If the transaction does
exceed the percentage of the pre-established threshold, the system notifies the sponsoring
exchange member and possibly the non-member institution. The percentage of the pre-
established threshold may be less than or equal to 100 percent of the pre-established
15 value. The exchange member has various opportunities to change the threshold value.
The identity of the non-member institution and the identity of the exchange member may
be removed or masked on the transaction.